

Message Text

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ACTION OES-06

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R 301132Z APR 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 5637

C O N F I D E N T I A L NEW DELHI 6341

STADIS//////////

FOLLOWING REPEAT BOMBAY 1077 SENT ACTION NEW DELHI
28 APR 76.

QUOTE:

C O N F I D E N T I A L BOMBAY 1077

STADIS//////////

EO 11652: GDS

TAGS: TECH IN

SUBJ: TARAPUR EXPORT LICENSES

1. SUMMARY: ON BASIS OF INFORMATION FROM HIS OWN SOURCES, SETHNA IS BEGINNING TO BELIEVE NRC MAY ORDER FURTHER HEARINGS EVEN IN ABSENCE OF FINDING THAT US LAW COMPELS SUCH HEARINGS. IF NRC WANTS FULL HEARINGS LARGELY TO DEMONSTRATE IT IS EXERCISING ITS ROLE AS WATCHDOG, US NUCLEAR POLICY THEN SETHNA WONDERS WHY CURRENT LICENSE REQUESTS CANNOT BE GRANTED WHILE HEARINGS WOULD FOCUS ON FUTURE RATHER THAN PRESENT SUPPLY OF FUEL. END SUMMARY.

2. SETHNA CALLED ON APRIL 27TH TO DISCUSS OUTLOOK FOR NEXT NRC RULING ON EXPORT LICENSES FOR TARAPUR FUEL. HE SAID THAT HIS TALK WITH KRATZER HAD NOT ENCOURAGED HIM TO BELIEVE NRC WILL TAKE DEFINITIVE FAVORABLE ACTION BY MAY 11, WHICH IS DATE FOR PARLIAMENTARY QUESTIONING OF IAEC'S BUDGET. SETHNA HAD EARLIER TOLD ME SEVERAL TIMES THAT HE DOUBTS THAT GOI WILL BE ABLE TO KEEP LID ON THIS PROBLEM BEYOND BUDGET HEARINGS. HE ANTICIPATES
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POLITICIZATION OF ISSUE AT THAT TIME WHEN INDIAN CRITICS OF BOTH

HIS ATOMIC PROGRAM AND OF US WILL USE THE ISSUE OF THE DELAY IN SHIPMENT OF TARAPUR FUEL AS A VEHICLE TO AIR MORE BASIC FRUSTRATIONS.

3. HAVING UNDERSTOOD THAT THERE IS INDEED A GOOD POSSIBILITY THAT NRC WILL DECIDE TO HOLD SOME TYPE OF HEARINGS, I REPLIED THAT THERE ARE ENOUGH UNCERTAINTIES IN PICUTRE TO MAKE ON HESITATE TO PREDICT FAVORABLE ACTION WITHIN NEXT TWO WEEKS. APPAJENTLY ON BASIS OF INFORMATION FROM INDIAN OFFICIALS IN WASHINGTON, HE VIGOROUSLY PURSUED SEVERAL POSSIBLE ALTERNATIVES THAT NRC MIGHT TAKE IN LIEU OF ISSUING LICENSES IMMEDIATELY AND HE CHARACTERIZED ALL THESE ALTERNATIVES AS TROUBLESOME.

4. HE SEEMS TO BELIEVE CHANCES ARE REMOTE THAT NRC WILL ACCEDE TO PETITIONERS' DEMAND FOR FULL HEARINGS THAT WOULD INEVITABLY LAST THROUGH SUMMER AND RAISE ALL SORTS OF DIFFICULT ISSUES FOR BOTH INDIAN AND AMERICAN GOVERNMENTS. HE WOULD, OF COURSE, REGARD SUCH AN OUTCOME TO THE PRESENT NRC DELIBERATIONS AS DIFFICULT FOR INDIA. FULL HEARINGS WOULD DELAY FUEL SHIPMENT TO EXTENT THAT WOULD ALMOST CERTAINLY CAUSE REDUCTION IN POWER OUTPUT FOR TARAPUR AND WOULD BE OF A CONFRONTATIONAL NATURE WHICH WOULD INFLAME ISSUE AND GENERATE ADVERSE PUBLICITY. HOWEVER, HE BELIEVES THAT FULL HEARINGS WOULD BE ALMOST EQUALLY TROUBLESOME FOR EXECUTIVE BRANCH OF USG WHICH WOULD HAVE TO REMAIN IN FOREFRONT IN EFFORT TO CONTINUE FUEL SUPPLY TO COUNTRIES THAT HAVE LIVED UP TO THEIR AGREEMENTS. OTHERWISE US NUCLEAR SUPPLY POLICY WOULD NOT BE CREDIBLE. HAVING THE USG FIRMLY OUT IN FRONT WOULD BE EASIER FOR HIM THAN AN OUTCOME THAT WOULD PUSH IAEC MORE CLEARLY INTO THE FOREGROUND,SBOTH IN WASHINGTON AND IN ID IN INDIA.

5. HOWEVER, HE REGARDS AN OUTRIGHT VICTORY FOR THE PETITIONERS IN THE PRESENT NRC DELIBERATIONS AS MUCH LESS PROBABLY THAN AN OUTCOME PROVIDING FOR SOME KINB OF HEARINGS WHICH WOULD NOT INVOLVE DIRECT CONFRONTATION ON ISSUES BUT WHICH WOULD PROBABLY REQUIRE ALL PARTIES TO SUBMIT EXTENSIVE DOCUMENTATION AND ON WHICH ALL OTHER PARTIES WOULD BE INVITED TO COMMENT. IN ESSENCE, THIS WOULD BE EXPANDED VERSION OF WHAT IS GOING ON NOW, BUT FOCUSED ON SUBSTANTIVE ISSUES OF HEALTH, SAFETY, SECURITY, POLLUTION AND PROLIFERATION INTER ALIA. IN SUCH CIRCUMSTANCES SETHNA BELIVES HE WOULD BE UNDER ENORMOUS PRESSURE TO PLAY A DIRECT ADVERSARY ROLE
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IN ARGUING INDIA'S CASE. IN VIEW OF THE DELAYS OF THE PAST FEW MONTHS IN THE PRELIMINARY PHASES OF NRC CONSIDERATION OF THIS MATTER, HE IS CONVINCED THAT ANY NEW SET OF HEARINGS WOULD INEVITABLY DRAG WELL INTO THE SUMMER IF NOT LONGER AND HENCE WOULD GO BEYOND JUNE WHICH HE CONSIDERS LAST DATE FOR ECONOMICAL SHIPMENT OF FUEL TO TARAPUR WHICH WOULD NOT ENTAIL A CUTBACK IN POWER OUTPUT.

6. ALTHOUGH SETHNA DID NOT SAY SO DIRECTLY, HE IMPLIED THAT HE BELIEVES INDIA IS BEING USED AS A TEST CASE FOR NRC TO FLEX ITS FLEDGLING WINGS AND ASSERT ITSELF. WHAT RANKLES MOST IS HIS FEELING THAT FUEL SHIPMENTS WILL BE HELD UP SUFFICIENTLY LONG TO BE HARMFUL TO INDIA EVEN IF NRC DOES NOT FIND THAT PETITIONERS HAVE ESTABLISHED THEIR RIGHT FOR INTERVENTION. SETHNA BELIEVES THAT IF NRC CONCLUDES IT HAS A SPECIAL INTEREST, BUT ONE NOT STRICTLY COMPELLED BY LAW, TO HOLD SOME SORT OF HEARING THEN INDIA SHOULD NOT BE PENALIZED BY MERE FACT THAT HEARINGS ARE HELD. HE DOES NOT BELIEVE THAT NRC SHOULD ADOPT A SOLUTION TO ITS CURRENT DILEMMA WHICH PENALIZES INDIA UNLESS IT DEMONSTRATES THAT INDIA IN SOME WAY IS NOT LIVING UP TO THE SPIRIT IF NOT LETTER OF ITS UNDERTAKINGS TO THE US REGARDING REACTORS, EG, OPERATING THEM WITHOUT SUFFICIENT REGARD TO SAFETY, HEALTH AND SECURITY SAFEGUARDS. IN OTHER WORDS HE QUESTIONS WHY XSNM 805 AND XSNM 845 SHOULD NOT BE ISSUED WHILE NRC DEBATES QUESTION WHETHER US SHOULD CONTINUE TO SUPPLY FUEL. HEARINGS WOULD BE DIRECTED TOWARD SUTURE LICENSES AND COULD BE HELD IN MORE RELIZED MANNER MORE CONDUCTIVE TO BRINGING OUT FULL FACTS IN LOGICAL SEQUENCE.

7. AGAIN, CONGEN REITERATES SETHNA DID NOT DIRECTLY SUGGEST A SOLUTION THAT WOULD PERMIT RESUMPTION OF FUEL SHIPMENTS TO INDIA WHILE FURTHER HEARINGS ARE HELD, BUT HE CERTAINLY WILL EXPECT SOME ANSWER TO THIS QUERY IF NRC MOVES TOWARD HEARINGS WITHOUT DEMONSTRATING COMPELLING REASON TO DENY FUEL TO INDIA WHILE SUCH REYEARIFGS ARE IN PROGRESS.
COURTNEY

UNQUOTE.
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